



County of Los Angeles Public Library ■ [www.colapublib.org](http://www.colapublib.org)  
7400 East Imperial Hwy., Downey, CA 90242 ■ (562) 940-8400



Margaret Donnellan Todd  
County Librarian  
July 27, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**TERMINATE FOR DEFAULT  
TWO CUSTODIAL CONTRACTS  
CONTRACT NOS. 76130 AND 76132  
(SUPERVISORIAL DISTRICTS 1, 4 AND 5) (3 VOTES)**

**SUBJECT**

Terminate for default two custodial contracts for services at the Public Library Headquarters facility and at 13 libraries located in the Public Library's Custodial Area 8, previously awarded by the Board of Supervisors (Board) to Matrix Building Maintenance, Inc., dba MBM Professional Janitorial Services (MBM) due to a material breach of the contracts, and authorize and delegate authority to the County Librarian to add these facilities into existing agreements with another contractor providing similar custodial services to the Public Library.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Terminate for default Contract No. 76130 with Matrix Building Maintenance, Inc., dba MBM Professional Janitorial Services for custodial services at 13 library facilities located in the Public Library's Custodial Services Area 8, as detailed in Attachment A, due to a material breach of contract, effective upon the Board of Supervisors' approval.
2. Terminate for default Contract No. 76132 with Matrix Building Maintenance, Inc., dba MBM Professional Janitorial Services for custodial services at the Public Library Headquarters facility, due to a material breach of contract, effective upon the Board of Supervisors' approval.
3. Authorize and delegate authority to the County Librarian or her designee to approve and execute an amendment to add the Public Library Headquarters facility into Contract No. 77250, previously

awarded by the Board of Supervisors to Diamond Contract Services, Inc., under the terms and conditions of such contract, on a month-to-month basis, for a period not to exceed twelve (12) months, or until a contract is awarded to a new contractor, whichever is earlier, and to increase the annual contract amount not to exceed \$100,000, based on preliminary estimates from Diamond Contract Services, Inc., to cover the annual cost of interim custodial services at the Public Library Headquarters facility.

4. Authorize and delegate authority to the County Librarian or her designee to approve and execute an amendment to add 13 libraries located in the Public Library's Custodial Area 8 into Contract No. 77231, previously awarded by the Board of Supervisors to Diamond Contract Services, Inc., under the terms and conditions of such contract, on a month-to-month basis, for a period not to exceed twelve (12) months, or until a contract is awarded to a new contractor, whichever is earlier, and to increase the annual contract amount not to exceed \$348,000, based on preliminary estimates from Diamond Contract Services, Inc., to cover the annual cost of interim custodial services at the 13 libraries.

5. Authorize and delegate authority to the County Librarian or her designee to approve and execute amendments to increase the annual contract amount of two custodial services contracts, 77250 and 77231, for the estimated cost of unanticipated work for the Public Library Headquarters and 13 libraries located in the Public Library's Custodial Area 8, but the amount of unanticipated work shall not exceed 10% of the current annual contractor's fee.

6. Authorize and delegate authority to County Librarian or her designee to determine the excess costs incurred by the County to procure replacement custodial services similar to the terminated services, and exercise the County's right to pursue all contractual remedies as set forth in Paragraph 8.43 of the terminated contracts.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On June 5, 2007, your Board approved two (2) contracts with MBM for custodial services at 13 libraries in the Public Library's Custodial Area 8 (Contract No. 76130) and the Public Library Headquarters facility (Contract No. 76132).

Contract No. 76130, which is now on its first option year, was for a period of three (3) years with options to extend the contract for up to two (2) one-year extensions and six (6) month-to-month extensions at an annual contract price of \$307,939.56. Contract No. 76132, which is now on its fourth year, was for a period of four (4) years with options to extend the contract for up to one (1) one-year extension and six (6) month-to-month extensions at an annual contract price of \$88,202.40. This agreement was later amended to modify the number of facilities which increased the annual contract price to \$98,171.04. Both contracts expire on June 20, 2011.

On July 1, 2010, the Public Library received a letter from MBM (Attachment B) informing the Public Library that MBM no longer intends to perform the services agreed in both contracts due to the adverse financial impact of the contract price reductions that resulted from the impending decrease in library service days. Based on the flat daily rates specified by MBM in its Pricing Schedules that were incorporated into the original agreements, MBM's total annual contract price reduction is \$68,029.08. The Public Library informed MBM about this contract price adjustment on May 20, 2010 and immediately after your Board approved the Fiscal Year 2010-11 County Budget on June 7, 2010.

The Public Library response to MBM's letter, dated July 15, 2010, stated that failure by MBM to continue to honor both contracts until their expiration date will be considered a material breach of contract. The letter also served as a notice to MBM of the Public Library's intent to seek Board of Supervisors' approval to terminate both contracts for default whereby the County reserves the right to pursue all legal remedies available to it. Under the terms and conditions of the contracts, if MBM was to default, MBM shall be liable for any and all excess costs incurred by the County, as determined by the County, for procuring similar services.

In order to allow the Public Library to procure replacement custodial services for the affected facilities, if MBM were to default, MBM was required to respond to the Public Library on July 19, 2010. The Public Library received a response from MBM on July 19 which indicated that, unless the County renegotiates the terms and conditions of the contracts, it holds the same position as stated in its memo dated July 1, 2010. The County did not enter into renegotiation with MBM, and as of July 26, 2010, MBM defaulted on its contractual obligation to perform the services at the cost it specified in both contracts.

Your Board's approval of the recommended actions will allow the Public Library to provide interim custodial services at the Public Library Headquarters and 13 libraries located in Custodial Area 8 by adding these facilities into existing agreements with Diamond Contract Services Inc. (Diamond), on a month-to-month basis not to exceed 12 months. This period will allow sufficient time for the Public Library to re-solicit for new contracts. Diamond is another contractor that provides similar custodial services to the Public Library under multiple agreements previously awarded by your Board, and the terms of such agreements allow the County to add library facilities at a rate not to exceed the cost to provide custodial services for similar sized library facilities being maintained.

Prior to your Board's approval of these recommended actions and the subsequent execution of contract amendments with Diamond, minimal custodial services at 13 County libraries and the Public Library Headquarters facility were procured on a weekly basis from Diamond under the Department Head's delegated authority for purchase orders.

### **Implementation of Strategic Plan Goals**

Approval of the recommended award is consistent with the County's Strategic Plan Goals in the areas of Operational Effectiveness (1) and Community and Municipal Services (3).

### **FISCAL IMPACT/FINANCING**

Based on preliminary estimates from Diamond, the annual cost of providing interim custodial services at the Public Library Headquarters is approximately \$100,000, and \$348,000 for the 13 libraries located in Custodial Area 8 for a total of \$448,000. This annual replacement cost estimate of \$448,000 is approximately \$109,000 higher than MBM's annual contract price had MBM not defaulted on their contracts. This additional cost will be paid from existing funds included in the Public Library's Operating Budget.

As required by Proposition A, the Public Library anticipates that Diamond's annual contract fee is more economical than the County's cost (including start-up costs) to perform similar services for the first year. Prior to the execution of contract amendments with Diamond, cost analyses will be prepared using on the Revised Proposition A Contract Cost Format developed by the County Auditor-Controller.

The cost to re-solicit the services will be minimal. The actual cost of the contracts will be known when the bids are received.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Funds owed to MBM for work performed before contract termination will be disbursed to MBM for substantiated charges invoiced by MBM; such charges will not exceed the agreed upon price schedules stated in the contract.

A notice of the Public Library's intent to seek Board of Supervisors approval to terminate both contracts for default was sent to MBM on July 21, 2010.

All documents related to these terminations have been approved as to form by County Counsel.

Each of the contracts with the Public Library provides that the County may terminate the contract for default if the contractor has materially breached the contract.

### **ENVIRONMENTAL DOCUMENTATION**

These actions are not subject to the California Environmental Quality Act (CEQA), because they do not constitute a project according to Section 15378 of CEQA.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will have minimal impact on library services to the public. Interim custodial services at the affected libraries will be provided by Diamond who is providing similar custodial services to the Public Library, and under the terms of its contracts with the County can add library facilities.

Respectfully submitted,

A handwritten signature in cursive script, reading "Margaret Donnellan Todd". The signature is written in dark ink on a light background.

MARGARET DONNELLAN TODD  
County Librarian

MDT:YDR:MR:bf

Enclosures

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller

**COUNTY OF LOS ANGELES PUBLIC LIBRARY**

**Contract No. 76130  
Custodial Area 8**

**First District**

Baldwin Park Library  
La Puente Library  
Sunkist Library  
Walnut Library

**Second District**

None

**Third District**

None

**Fourth District**

Diamond Bar Library  
Hacienda Heights Library  
Rowland Heights Library

**Fifth District**

Charter Oak Library  
Claremont Library  
Duarte Library  
La Verne Library  
San Dimas Library  
West Covina Library



July 1, 2010

County of Los Angeles Public Library  
7400 East Imperial Hwy.,  
Downey, CA 90242

**Re: Contract No. 76132 & 76130**

Dear Mr. Garcia:

After carefully reviewing all documents and our cost involved with the reduction, we are unable to continue the contract. Finance impact is too much and we will be taking a severe loss every day. We have no choice but to ask to be released from the contract. Because of our long relationship with the County of Los Angeles Public Library, we are open to discussion regarding the effective date of the last day.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy Pak'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Timothy Pak  
President  
MATRIX BUILDING MAINTENANCE, INC.